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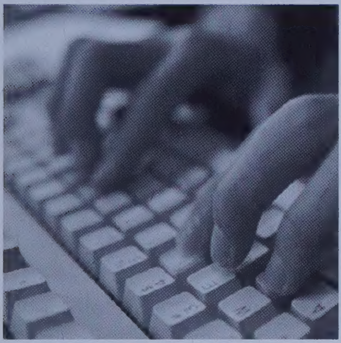
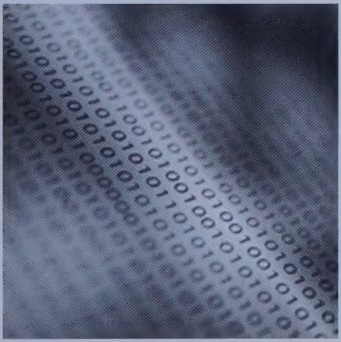
WellPoint Systems Inc.

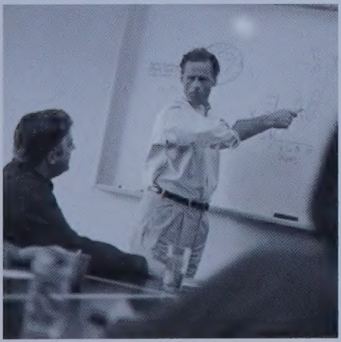
2003 ANNUAL REPORT

Industry–Leading Software Applications

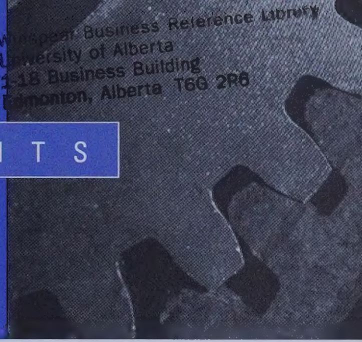
www.wellpointsystems.com






WellPoint
Systems Inc.



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CORPORATE PROFILE

WellPoint Systems Inc. creates products and services that have transformed communication within midstream and upstream sectors of the oil and gas industry with tailor-made technology solutions. As a Microsoft Business Solutions partner, we deliver IT projects from strategic and design to complete implementation. WellPoint Systems' mission is to be the dominant supplier of Microsoft based software and solutions.

WellPoint Systems Inc.was founded in 1997 and is headquartered in Calgary, Alberta. WellPoint Systems Inc. is publicly traded on the TSX Venture Exchange under the symbol WPS. The Company has operations in the U.S.A. through its subsidiary company, WellPoint Systems, Inc., where the main office is in Houston, Texas.

ANNUAL GENERAL MEETING

May 28th, 2004
2:00 p.m.

Banker's Hall
315 – 8th Avenue S.W.
Calgary, Alberta
Canada

2003 FINANCIAL HIGHLIGHTS

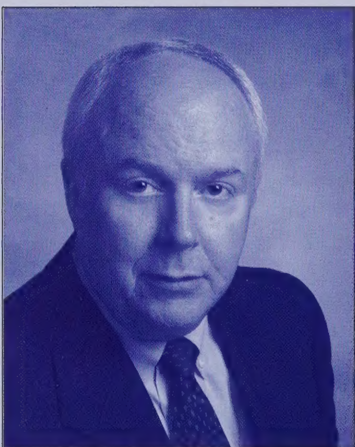
FINANCIAL PERFORMANCE	2003	2002	2001	2000	COMPOUND ANNUAL GROWTH 2000-2003
Revenue	$3,623,450	$3,953,445	$2,823,838	$1,568,919	32%
EBITDA	474,186	(58,924)	331,393	(226,121)	
Net income (loss)	228,049	(106,371)	293,982	(253,695)	
Basic per share	0.015	(0.008)	0.026	(0.041)	
Cash flow from operating activities	308,209	362,168	(146,529)	(468,265)	
FINANCIAL POSITION	**2003**	**2002**	**2001**	**2000**	
Total assets	2,265,272	1,917,139	1,306,683	557,752	60%
Cash,cash equivalents,short term deposits	978,428	927,211	126,021	267,211	54%
Shareholders' equity	1,846,123	1,408,074	1,003,113	425,969	63%
Working capital	1,246,851	1,055,172	681,741	366,093	50%
Current ratio	4.0	3.1	3.2	3.8	

FISCAL 2003 QUARTERLY FINANCIAL RESULTS	Q4	Q3	Q2	Q1
Revenue	$ 709,383	$ 854,199	$ 861,853	$1,198,014
EBITDA	(12,461)	201,140	122,994	162,512
Net income (loss)	(26,881)	97,343	71,839	85,748
Basic per share	(0.002)	0.006	0.005	0.006
Cash flow from operating activities	78,954	220,861	220,308	(211,914)
FISCAL 2002 QUARTERLY FINANCIAL RESULTS	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	$1,214,317	$ 954,666	$ 847,128	$ 937,334
EBITDA	133,245	64,923	(174,166)	(82,925)
Net income (loss)	181,065	32,971	(206,555)	(113,851)
Basic per share	0.004	0.003	(0.023)	(0.009)
Cash flow from operating activities	387,321	16,849	(75,841)	33,838

EBITDA represents earning before interest, income taxes, depreciation and amortization. EBITDA is presented because it is a widely accepted financial indicator. EBITDA is not a measure determined in accordance with Canadian generally accepted accounting principles (GAAP) and therefore EBITDA as presented may not be comparable to similarly titled measures of other companies.

MESSAGE TO SHAREHOLDERS

"It takes time to build a great company."



A. Frank Stanford

FRANK STANFORD
CHIEF EXECUTIVE OFFICER

That comment has resonated with me ever since a financial analyst used it to describe WellPoint Systems Inc. He was making the observation that it is rare to find an IT company willing to invest heavily in its strategic plan and that he liked our approach to business.

As I look back on 2003, that comment captures the management philosophy that guided our actions. We accomplished a great deal in a short time but we view this success as a step along the path. Our focus remains on the horizon and we're willing to invest in the plan that will take us there. In an IT sector that has witnessed historic crashes, WellPoint Systems Inc. is in an enviable position and growing exactly as planned.

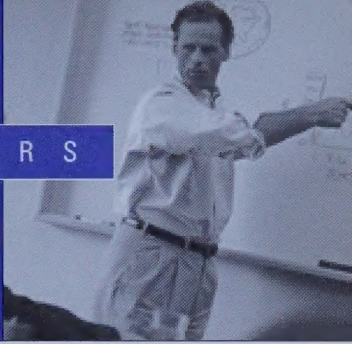
PROFITABILITY

Our goal in 2003 was bottom-line profitability. We made $474K (EBITDA), which is a turn-around of almost $550K from 2002. In a demanding marketplace, that is impressive. We accomplished that by evaluating each business opportunity against new standards for profitability, not just top-line growth. This allowed us to focus on client needs, streamline business processes and introduce new products to address industry needs.

Our focus remains on the horizon and we're willing to invest in the plan that will take us there.

GROWTH

Based on our success, we decided to move expansion plans up by one quarter. We invested heavily in expansion to the U.S. and were rewarded almost immediately with our success at Eastex, a very well-regarded oil trading company. Our U.S. sales team is now four, up from one person just a few months ago. In 2004, our goal is rapid growth in U.S. markets and the introduction of .NET technology with our new products.



PARTNERSHIPS

2003 will also be remembered as the year we forged new alliances with key industry partners. Our strong working relationship with Microsoft is a good example. They have supported us with software, money and marketing assistance as we work toward mutual goals. I'm proud to say that WellPoint Systems was one of only two companies invited to speak at a senior executive Microsoft sponsored oil and gas event.

...we forged new alliances with key industry partners. Our strong working relationship with Microsoft is a good example.

MANAGEMENT TEAM

Like attracts like; good people are attracted to good people. As we continued to build our management team in 2003, other very talented people wanted to join us at WellPoint. The development team is now led by Simon Rogers who has strengthened and sped up the development cycle and is working to move us into alignment with Microsoft's .NET technology. The latest addition to the management team was Brad Flock. Brad has a tremendous track record in the Calgary marketplace; he has been a sales leader for IBM, Oracle, Netscape and TeamPlate. I firmly believe we have the best management team in the industry, one that knows the business and knows how to run a business. Finally, with the acquisition of EnCompass Solutions Inc. in March of 2004, we are thrilled with the addition of the strong delivery capabilities of Randy Kuehn, Kim Wilde, Ian Harrill, and Murray Mittelstadt from the EnCompass leadership team.

With outstanding products, people, partners, strategy and a lot of hard work, WellPoint Systems Inc. is well along the path to becoming a model of both leadership and success. I'd like to thank the many people who walk the path with us - our staff, shareholders and members of our Board of Directors.

March 31, 2004

Management's Discussion and Analysis of Financial Position and Results of Operations

This management's discussion and analysis of financial position and results of operations (MD&A) describes our business, the business environment as we see it today, our vision and strategy, the critical accounting policies of our Company that will help you understand our financial statements, and the principle factors affecting the results of operations and liquidity and capital resources. This discussion should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2003 and 2002 and the notes to the financial statements beginning on page 25 of this annual report. The Company's accounting policies are in accordance with Canadian generally accepted accounting principles (GAAP) of the Canadian Institute of Chartered Accountants (CICA). All dollar amounts are in Canadian dollars unless otherwise indicated.

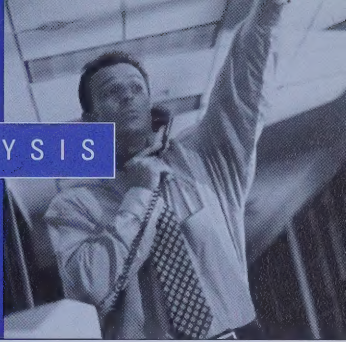
The Company is organized to develop and support integrated software packages for well design, production and life cycle management and transportation, storage and tracking of crude oil

CORPORATE OVERVIEW AND BUSINESS

WellPoint Systems Inc. is headquartered in Calgary, Alberta. The Company also has operations in the U.S.A. through its subsidiary company, WellPoint Systems, Inc., whose main office is in Houston, Texas. WellPoint Systems Inc. (WPS) was founded in 1997 with a mandate to support critical upstream and midstream functional process areas including development of oil marketing, pipeline and terminal management, and drilling and well management applications. With growth, WPS has recognized the need to focus more on those key market areas that will allow it to grow to the next level of size and business performance. The Company is organized to develop and support integrated software packages for two distinct and important areas of what WPS calls the Oil and Gas Supply Management Market, these being:

1) Well design, production and life cycle management (Upstream Well Life Cycle)
2) Transportation, storage and tracking of crude oil (Midstream Crude Oil Transport)

WPS currently derives revenue from three sources relating to the software packages specifically designed for its key markets. Each product derives revenue from license sales, which represents a perpetual use license of software for a pre-



determined number of users, annual maintenance revenue, which is based on a percentage of the license fee, with annual increases permitted, and custom services including implementation support, custom enhancements, etc. This latter revenue stream is usually charged on a time and materials basis.

BUSINESS ENVIRONMENT

With oil and gas (O&G) prices sitting near highs at the end of 2003 and the U.S. Energy Information Administration indicating as recently as early January 2004 that they expect 2004 West Texas Intermediate (WTI) crude oil pricing to be in the 28 to 30 U.S. dollar range, the outlook for the O&G industry remains positive. In the U.S. alone, demand for petroleum products is expected to increase to 20.4 million barrels per day in 2004 and to 20.9 million barrels per day in 2005. On the natural gas side, the same U.S. agency is calling for natural gas well completions to grow to between 21,000 and 22,000 wells per year over the next two years from the 20,000 wells completed in 2003. In Canada, the Petroleum Services Association of Canada (PSAC) estimates a projected well count for 2004 of 20,005 wells rig released, which is a slight decrease from 2003. With Canada being the third-largest producer of natural gas and the ninth-largest producer of crude oil in the world and the upstream sector being the largest single private sector investor in Canada (Source: Canadian Association of Petroleum Producers - Industry Facts. www.capp.ca/), our marketplace appears strong for the coming years ahead.

...demand in our markets for midstream and upstream software solutions will increase in the coming years.

Research firms such as Gartner and others suggest that IT spending in the petroleum sector will increase an average of four per cent in the U.S. in 2004. With the O&G industry continuing to invest significantly in updating their various software systems in an effort to reduce costs and maximize efficiencies, we continue to believe that demand in our markets for midstream and upstream software solutions will increase in the coming years.

VISION AND STRATEGY

Our vision is to be a dominant software vendor with a strong partnership with Microsoft. We are moving our base platform to Microsoft's .NET environment and are introducing some exciting new products around this platform especially for our Well Life Cycle clients. The March 2004 acquisition of Encompass Solutions fits precisely into this vision. Encompass brings strong product teams, especially for the Axapta product. We express this vision through our core purpose slogan - 'Software for the soul of the company'.

We are moving our base platform to Microsoft's .NET environment and are introducing some exciting new products...

Our strategy for 2004 is around growth. For this reason, we have expanded our operations into the U.S., introduced exciting new products such as Rig Scheduler and OMS-Producer. In early 2004 we significantly increased our sales force to provide additional revenues and opportunities. We also have aggressively formed new relationships with complimentary companies and are using new channels to distribute our products.

We have also identified significant organic growth opportunities in the U.S. O&G industry. Companies in this industry are actively looking for solutions that assist them in lowering their operational costs while providing valuable management information to enhance their ability to compete in this sector. This marketplace is particularly focused on finding solutions that use leading-edge technology.

To achieve this vision, we must be successful in four key areas: 1) the development of robust customer-focused solutions; 2) the use of leading-edge technology; 3) the development of multiple sales channels; and 4) the delivery of these solutions in a timely and cost-effective manner. We believe that the emerging .NET development environment will become the standard for industrial-strength software solutions and we are working to develop a strong relationship with Microsoft. Our plan is that future solutions will be developed using the .NET development architecture. Microsoft has been supportive in assisting our efforts resulting in the development of a new Rig Scheduler product built using the .NET architecture.

New product announcements, along with new license sales, will be the key indicators of success in delivering on this plan. A key success factor in moving

to .NET architecture will be our ability to raise additional capital in the coming year. The Company believes that sufficient capital will be available to allow for the timely execution of this plan.

SIGNIFICANT DEVELOPMENTS

On December 30, 2003 WPS closed a non-brokered offering of 1,000,000 common shares at a price of 0.205¢ per share for gross proceeds of $205,000. All shares issued under the offering are subject to a four-month hold period in accordance with applicable securities legislation. Proceeds of the offering will be used for general corporate purposes.

PERFORMANCE OVERVIEW

The past year has been one of transition and investment. Our plan, as stated in last year's annual report, was to return to profitability in 2003. We saw this achieved in the first three quarters of 2003 and in the fourth quarter we moved our plan ahead to rapidly invest in significant growth in the U.S. and to move our technical base to the Microsoft .NET architecture. Recent significant investments of time and resources are expected to produce positive results in the coming years.

...in the fourth quarter we moved our plan ahead to rapidly invest in significant growth in the United States...

Management uses EBITDA[1] as the best indicator of profitability and, in this regard, EBITDA increased to $474,186 for 2003 as compared to ($58,924) for 2002.

With net income after tax of $228,049 in 2003 compared to a net loss after tax of $106,371 in 2002, the goal of returning to profitability was successfully achieved.

We had previously determined that a key strategy for 2003 would be the geographic expansion for our midstream products into the U.S. market. The execution of this strategy was successfully accomplished when we opened an office in Houston, Texas and closed our first sale out of that location; in the fourth quarter of 2003, WellPoint was awarded a software contract with Eastex Crude

1 EBITDA represents earning before interest, income taxes, depreciation and amortization. EBITDA is presented because it is a widely used financial indicator. EBITDA should not be considered as an alternative to operating income or net earnings, as an indicator of operating performance or of cash flows or a measure of liquidity. EBITDA is not a measurement determined in accordance with GAAP, and therefore EBITDA as presented may not be comparable to similarly titled measures of other companies.

Company for its Oil Marketing System (OMS). The most exciting aspect of this move is that we now have a significant sales funnel with which to begin 2004. With the focus being on opening the Houston office and creating new solutions for our existing market, fourth quarter revenues were lower than expected and thus were not enough to achieve revenue growth, year-over-year.

To position the Company for future organic growth, we undertook several development projects in the later part of 2003, including the release of WellPoint Systems MaxWell Version 6, which is now in production and in use on over 600 desktops in both field and head office locations. 2003 also saw the creation of our latest product, WellPoint Systems Rig Scheduler, which, with the help of Microsoft, is now our first .NET application. Finally, we also significantly enhanced the marketing and sales team with the addition of three talented individuals in December of 2003.

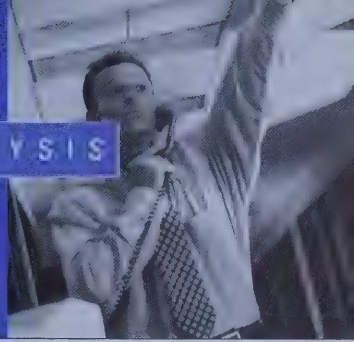
We began the transition from development into marketing to pursue new market opportunities and evolving customer needs. This coincided with the end to a two-year co-development project for the Well Life Cycle solution, MaxWell, with a major customer. As a result, revenues were down eight per cent year-over-year as we focused on profitability rather than low margin top-line growth.

Significant investments in the U.S. of both personnel and staff, and the transition from development to sales in the fourth quarter resulted in a fourth quarter net loss after tax of $26,881 as compared to 2002 where the fourth quarter produced a net income after tax of $181,065.

SELECTED ANNUAL INFORMATION

Years Ended December 31

Financial Performance	**2003**	**2002**	**2001**	**2000**
Revenue	$ 3,623,450	$ 3,953,445	$ 2,823,838	$ 1,568,919
EBITDA	474,186	(58,924)	331,393	(226,121)
Net income (loss)	228,049	(106,371)	293,982	(253,695)
Earnings (loss) per share	0.015	(0.008)	0.026	(0.041)
Fully diluted earnings (loss) per share	0.015	(0.008)	0.026	(0.041)
Cash flow from operating activities	308,209	362,168	(146,529)	(468,265)



Financial Position	2003	2002	2001	2000
Total assets	2,265,272	1,917,139	1,306,683	557,752
Cash and cash equivalents and short term deposits	978,428	927,211	126,021	267,211
Shareholders' equity	1,846,123	1,408,074	1,003,113	425,969
Working capital	1,246,851	1,055,172	681,741	366,093
Current ratio	4.0	3.1	3.2	3.8

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

As WPS matures as a public company, various accounting pronouncements are reviewed to ensure the Company is maintaining accounting practices that are compliant with Canadian GAAP. As a result of these ongoing reviews the following practices are worthy of note:

a) Revenue recognition

Both our midstream and upstream lines of business generate revenue from software license sales, maintenance fees and consulting services related to our products. We recognize the software license revenue once the license agreement has been signed and the software has been installed. At this point, we believe there is a strong likelihood that collection of the agreed-upon price is probable. On rare occasions, we invoice customers when the license agreement has been signed, as provided for in the license agreement, but the software has not been installed. This might happen at the end of a particular month. In these instances this revenue is shown as deferred revenue and is displayed as a current liability in the financial statements.

During 2002, we changed the practice relating to invoicing for maintenance fees. Maintenance fees are, for the most part, now invoiced annually in advance and, as a result, deferred revenue results. We issue these maintenance fee invoices in the same month as the when the license transfers to the customer and then annually thereafter. The maintenance agreement also provides for an annual increase of up to 15 per cent every 12 months. Annual maintenance fees are set up as deferred revenue and journalized into revenue on a monthly basis as earned.

...we undertook several development projects in the later part of 2003, including the release of WellPoint Systems MaxWell Version 6, which is now in production and in use on over 600 desktops in both field and head office locations.

Consulting revenue relates to installation and setup of licensed software, custom software programming and customer specific enhancements to our products as well as product specific training and support. This revenue is charged on a time and materials basis and is recognized as services are rendered.

b) **Deferred development costs**

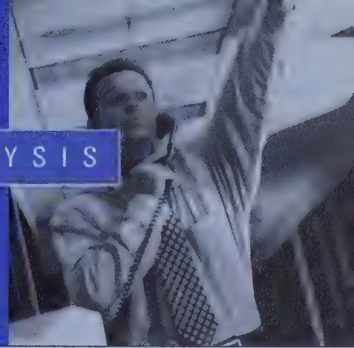
Deferred development costs relate to the development of new or enhanced software products. Depreciation is provided for, commencing at the time the product is available for sale, on a straight-line basis over three years.

c) **Research and development costs**

Certain development activities carried out by the Company qualify as scientific research and experimental development (SRED) costs. These costs for 2001 and 2002 were submitted to the Canada Revenue Agency (CRA) in 2003 and resulted in a projected Investment Tax Credit (ITC) of $40,000 relating to 2001 and $75,000 relating to 2002. These ITCs are accounted for using the cost approach whereby they are deducted from the related expenditures category once the tax filing has been made and the expected acceptance by the CRA is reasonably assured. Given the projects that were filed for relating to 2001 and 2002 were also filed for 2000 and were accepted, we feel reasonably assured that they will be accepted again this time around, although confirmation of acceptance has not yet been received from CRA.

d) **Stock-based compensation**

In 2003 the Corporation adopted the amended accounting standard for stock-based compensation payments which requires the recognition of compensation expense for stock options granted to employees and directors. Under this method, compensation expense attributable to stock options granted is measured at fair value at the grant date and expensed over the vesting period, with a corresponding increase in share capital. The Corporation does not incorporate an estimated forfeiture rate for stock options that will not vest; rather, actual forfeitures are accounted for as they occur. The impact of the adoption of this amended standard was a charge of $5,000 to salaries and benefits expense with a corresponding increase in



share capital. This charge was calculated using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 3.75 per cent to 4.17 per cent, expected life of five years and expected volatility of 123 per cent to 147 per cent.

The Corporation continues to disclose the pro forma impact of stock options granted in 2002. The weighted average fair value of stock options granted during the 2002 year was $0.14 at the grant date, using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 5.11 per cent, expected life of five years and expected volatility of 104 per cent to 107 per cent. Had the Company determined compensation expense based on the fair value of the stock options granted, the net income for 2003 would have decreased by $49,000 and the net loss for 2002 would have increased by $25,000. Earnings per share, basic and diluted, would have decreased to $0.012 in 2003 and loss per share would have increased to $0.010 in 2002.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 2002

Revenues

With the desire to be profitable in 2003, the Company decided to focus on business opportunities where reasonable profitable margins could be achieved, rather than top-line revenue growth at any cost. This, combined with the end of a co-development project with a major customer and a focus on geographically expanding the midstream product suite into the U.S., resulted in an eight per cent decrease in revenue year-over-year.

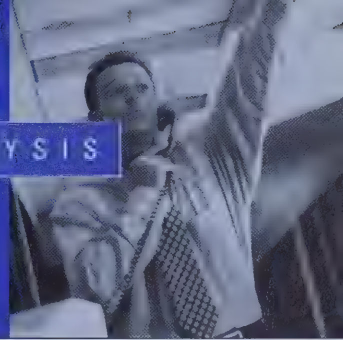
...the Company decided to focus on business opportunities where reasonable profitable margins could be achieved, rather than top-line revenue growth at any cost.

Midstream product revenue increased slightly with the addition of BP Canada Energy Trading, Eastex Crude, Petrocomm Energy Canada and Sunwest Canada, which were significant additions to our customer base. Additional sales to Plains Marketing Canada and Astra Energy also indicated that current customers continue to value our industry dominant solution. The midstream new revenue potential for 2004 appears significant given the sales funnel that has developed in the U.S. With a sales team in place in Houston lead by Glen Murphy, our President and one of the founders of WellPoint, we are confident our decision to enter the U.S. market was the correct one. Additional new development of the midstream products is currently under way to ensure our product offering matches the needs of these U.S. customers. We are also building an OMS product offering for a developing market niche in Canada. This new product is called OMS Producer and is specifically targeted at over 200 crude oil producers who can effectively utilize certain processes currently available in our more complete OMS offering. This product will have a lower price point, making it more attractive for the smaller producers of crude oil.

This new product is called OMS Producer and is specifically targeted at over 200 crude oil producers who can effectively utilize certain processes currently available in our more complete OMS offering.

Upstream product revenues decreased as a result of finishing a significant co-development project with a major customer. This product is considered an enterprise wide solution and therefore has a longer sales cycle. We saw an opportunity to create a new product - Rig Scheduler. We believe this new product will be a significant door-opener for WellPoint in 2004 and will contribute to additional upstream sales in 2004. In concert with the opening of our Houston office, we were starting to receive inquiries at the conclusion of 2003 about our upstream products and how they might be well suited for the U.S. market. We decided to capitalize on this opportunity and hired an experienced marketing and sales executive well-known to many in the Houston O&G industry. David Douglas has an impressive list of past accomplishments, which include working with Geoquest as one of their initial salesmen when they entered this marketplace several years ago. With Mr. Douglas' background and experience, we are looking forward to entering the U.S. upstream market with our MaxWell product in the later part of 2004.

Revenue by geographic location was down in both Canada and the U.S. as a result of previously discussed results. It is anticipated that U.S. sales will start to become more significant in 2004 and onward, as sales efforts expand into this new territory.



DIRECT COSTS

Direct costs, which were primarily related to the use of outside contractors, represented only 16 per cent of total revenue in 2003 as compared to 28 per cent of 2002 total revenue. Management actively sought to reduce the use of consultants wherever possible, thereby retaining the knowledge gained by using employees in place of higher cost, lower margin contractors. The significant reduction of direct costs of consultants contributed toward producing a profitable year.

OPERATING EXPENSES, EBITDA AND INCOME TAXES

Operating Expense	Year Ended December 31		As a % of Total Revenue	
$ (000's) except percentages	2003	2002	2003	2002
	$	$	%	%
General and administrative	2,658	2,674	73	68
Research and development (recovery)	(89)	233	(2)	6
EBITDA	474	(59)	13	(1)
Interest	5	7	0	0
Depreciation	117	121	3	3
Future income taxes (reduction)	125	(81)	3	(2)
Net income (loss)	228	(106)	6	(3)

...we are looking forward to entering the U.S. upstream market with our MaxWell product in the later part of 2004.

Direct costs, which were primarily related to the use of outside contractors, represented only 16% of total revenue in 2003 as compared to 28% of 2002 total revenue.

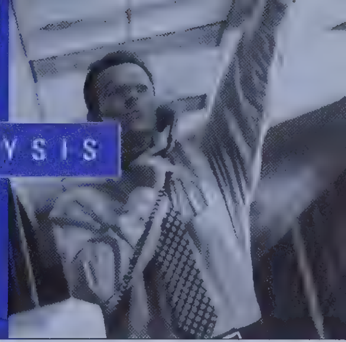
Expenses represented a smaller percentage of total revenue in 2003; they were 74 per cent in 2003, as compared to 77 per cent of 2002 revenue, primarily as a result of the corresponding change to the research and development (R&D) expense. R&D was a credit balance due to the filing for Investment Tax Credits (ITCs) relating to 2001 and 2002 SRED filings. Costs for 2001 and 2002 were submitted to the CRA in 2003 and resulted in a projected ITC of $40,000 relating to 2001 and $75,000 relating to 2002 and were credited to R&D expense in 2003, since this is when the filings occurred. SRED related work was capitalized in 2003 and therefore any related ITCs will be offset against the deferred development asset once the SRED filings are submitted.

EBITDA increased significantly over 2002 mainly as a result of cost management strategies relating to reduced consultant costs and lower R&D expenses.

Depreciation decreased slightly since capital asset pools remained almost constant with only $71,160 in additions in 2003, as compared to $72,310 of additions in 2002. Depreciation is expected to increase in 2004 as new products are put into production, which will result in the commencement of depreciation of the related deferred development costs.

FUTURE INCOME TAXES

At December 31, 2003 the Company had a net future income tax asset of $88,673, comprised of ITCs and non-capital losses, net of future income tax liabilities. We are of the opinion that it is 'more likely than not' that this asset will be realized in the future and therefore it has been recorded at its full value in the financial statements. The Company experienced profits in 2001 and 2003, and management believes 2004 income before tax will be sufficient to utilize the ITCs and the non-capital losses.



NET EARNINGS AND EARNINGS PER SHARE

As a result of the previous discussion, net income (loss) and basic and fully diluted earnings per share for fiscal 2003 and 2002 were as follows:

	Year Ended December 31	
	2003	2002
Net income (loss)	$ 228,049	$ (106,371)
Weighted average number of common shares	15,425,115	12,910,868
Fully diluted weighted average number of common shares	15,446,053	12,910,868
Basic earnings per share	$ 0.015	$ (0.008)
Diluted earnings per share	$ 0.015	$ (0.008)

Basic and diluted earnings per share were $0.015 in 2003 as compare to $(0.008) in 2002. The weighted average number of shares outstanding increased 19 per cent year-over-year to 15,425,115, due primarily to a private placement of common shares that occurred on December 10, 2002. Diluted earnings per share were calculated on a weighted average number of shares of 15,446,053 as only 125,625 stock options were 'in the money' compared to the average share price for the year of $0.22 per share. In 2002, the earnings per share was not impacted by dilution since, according to GAAP, a loss cannot be improved upon by the impacts of dilution even though the same 125,625 stock options were 'in the money' when the closing share price at December 31, 2002 was $0.20 per share.

LIQUIDITY AND CAPITAL RESOURCES

We finance the growth of our business through cash flows from operations and the issuance of equity. As at December 31, 2003 we continue to hold cash and cash equivalents of $466,178 and $512,250 in a short-term note. Given that our maintenance revenue is increasing and that it will continue to do so in the coming years unless existing customers cancel their support and maintenance agreements, which we do not anticipate to happen, we are reasonably assured of over $1.4 million of revenue of this type. The deferred development is one activity that reduces working capital in anticipation of incurring substantial new revenues.

We have been able to maintain a strong current ratio over 2003, increasing it to 4.0:1 at the end of 2003 compared to 3.1:1 as at December 31, 2002. Given the

We finance the growth of our business through cash flows from operations and the issuance of equity.

strength of the combined cash and short-term investment position, there were no concerns relating to our ability to meet our ongoing obligations as they become due. In addition, the cash balance allowed us to remain debt-free.

Contractual obligations are limited to a monthly office lease payment. The Calgary office lease expires at the end of January 2005. We have begun the process of reviewing our office space needs and anticipate that we will have a new lease in place near the end of 2004. Given the surplus of space that is available in the Calgary market, we do not see this as a concern. The Houston, Texas office lease is short term in nature as we continue to determine the appropriate amount of space required.

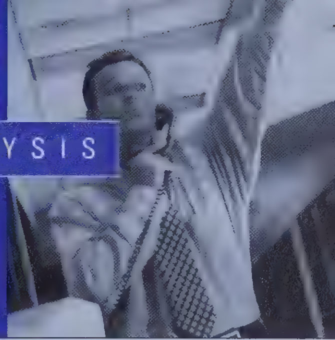
Given the opportunity we see in the U.S. midstream market, we are currently looking at raising additional equity capital in 2004.

In the third quarter of 2003, we announced a revised operating credit facility with the Company's banker, The Royal Bank of Canada, whereby the facility has been increased to $325,000 from $100,000. As a result of the strong cash position we did not utilize any of this operating credit facility during 2003.

Given the opportunity we see in the U.S. midstream market, we are currently looking at raising additional equity capital in 2004. The size, terms and type of issue are still under investigation at this time. We are also looking at opportunities to grow the company through acquisitions. These acquisitions will likely require additional capital to take advantage of opportunities that they currently are unable to explore given they are mostly private companies and have a more difficult time accessing capital.

		Payments Due By Period			
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Office premise leases	$ 106,651	$ 98,584	$ 8,067	-	-
Total contractual obligations	$ 106,651	$ 98,584	$ 8,067	-	-
		Amount of Commitment Expiration Per Period			
	Total amount committed	Less than 1 year	1-3 years	4-5 years	After 5 years
Operating line of credit (Royal Bank)	$ 325,000	$ 325,000*	-	-	-

* The Credit Facility is available from time to time at the Bank's sole discretion and is subject to review by the Bank at any time.



RISKS AND UNCERTAINTIES

Management is positive about the Company's long-term prospects. However, the following risks and uncertainties should be considered when evaluating WellPoint's potential:

Ability to attract and retain qualified IT professionals - During 2003, we moved to a performance-driven remuneration system based on overall company performance. This program, combined with the opportunity to work on development projects focused on the latest development languages, should provide the base for attracting and retaining the brightest IT professionals available.

Competition for projects - With the OMS product currently being used for 60 to 70 per cent of all crude oil marketing volumes in Canada, it is clearly in a dominant position. This usually means the competition comes from in-house systems built many years ago. Our MaxWell product is still in the early development stage. However, it is being positioned as the most complete Well Life Cycle software package available in North America. The value proposition works particularly well for companies that can see the potential for significant savings through common processes contained in a single application.

With the OMS product currently being used for 60 to 70 per cent of all crude oil marketing volumes in Canada, it is clearly in a dominant position.

Long sales cycle for larger software sales - The average sales cycle for large software sales contracts can range from six to twelve months, with some extending to 18 months. This usually results in marketing efforts and costs that build up in the early stages in anticipation of a sale.

Technological change - Software products are always susceptible to competition from the next new programming language. WellPoint's products are no different and we have seen the need to change to Microsoft's .NET technology, especially in the U.S., and are in the process of making this transition. We will continue to make changes to existing products as market demands dictate and when it is economically feasible to do so.

Foreign currency risk - As increased international revenues are achieved, exposure to greater foreign currency exchange risk will also increase, which could adversely impact our operating results.

Credit risk concentration with a small number of customers - The Company works in an industry that has a relatively concentrated number of customers. The vast majority of customers are very established and, as such, we do not believe that the Company is subject to any significant credit risk. With expected growth into new geographic markets, credit risk might increase, albeit most international sales are to larger and therefore equally strong companies.

There were no legal proceedings during the course of the year or subsequent to that date. There were also no material contingent liabilities or write-offs to the date of this discussion.

...we are focusing on significantly growing revenue in 2004.

OUTLOOK

With the foundation for significant growth now in place in the form of a strong management team, reliable products, and strong sales and delivery teams, we are focusing on significantly growing revenue in 2004.

Organic growth is expected to come from geographic expansion into the U.S. midstream market, renewed sales efforts in the Canadian upstream market, and the release of several new related software products for both the midstream and upstream markets. Preliminary indications suggest the U.S. midstream market is coming back into a buying cycle after several slow years. The concept of a complete well life cycle product for the upstream market also appears to be becoming a requirement of all the O&G producers where cost control and asset maximization is highly sought after. Our new products, which will include Rig Scheduler and OMS Producer, will address players in the upstream and midstream markets and will allow a lower entry price point, thus expanding our marketing prospects by reaching more companies.

.NET development will potentially add significant sales opportunities as we work to garner support for Microsoft in both the marketing and development of .NET related products. Working with a market leader like Microsoft helps establish us a leader in the .NET solutions area and adds credibility to our products. Microsoft recently invited us to be one of two key-note presenters at a Microsoft Executive Circle event for Canadian O&G executives. Opportunities such as these are expected to generate additional awareness and acceptance of our products.

We are contemplating raising additional capital to fund enhancement of existing products to address the specific needs of the U.S. market and to speed the conversion to a .NET platform. In conjunction with this internal growth, we are looking at acquisition opportunities that would facilitate the move to becoming a Microsoft Independent Software Development solutions provider. The focus would remain around O&G solutions however we would also look at other opportunities that would have a broader focus.

SUMMARY OF QUARTERLY RESULTS

Fiscal 2003				
Quarterly Financial Results	Q4	Q3	Q2	Q1
Revenue	$ 709,383	$ 854,199	$ 861,853	$ 1,198,014
EBITDA	(12,461)	201,140	122,994	162,512
Net income (loss)	(26,881)	97,343	71,839	85,748
Basic per share	(0.002)	0.006	0.005	0.006
Fully diluted per share	(0.002)	0.006	0.005	0.006
Cash flow from operating activities	78,954	220,861	220,308	(211,914)
Fiscal 2002				
Quarterly Financial Results	Q4	Q3	Q2	Q1
Revenue	$1,214,317	$ 954,666	$ 847,128	$ 937,334
EBITDA	133,245	64,923	(174,166)	(82,925)
Net income (loss)	181,065	32,971	(206,555)	(113,851)
Basic per share	0.013	0.003	(0.023)	(0.009)
Fully diluted per share	0.013	0.003	(0.023)	(0.009)
Cash flow from operating activities	387,321	16,849	(75,841)	33,838

FOURTH QUARTER

The Fourth quarter (Q4) saw the first sale of our midstream solution as a result of our effects to expand geographically. We also used this period to begin the transition from development to marketing in our Canadian market. This transition, combined with a focus on the U.S. and a number of customers deciding to defer their purchase decision until 2004, resulted in revenues of $709,383, compared to Q4, 2002 at $1,214,317. The lower revenues and the use of specific contractors relating to new product development, which cost was capitalized, resulted in the reduced use of contractors. As a result, our direct costs were down significantly at $74,142 in Q4, 2003 compared to $302,106 in Q4, 2002. Contractor costs related to new product development that was capitalized amounted to $144,284 in Q4.

Q4 operating expenses were also down to $688,122 compared to $811,736 in Q4, 2002. The main contributor for lower operating expenses relates to our decision to use this time to invest in new product development, which resulted in the capitalization of incremental development costs. Deferred development costs relating to operating expenses in Q4 were $104,102. There was no comparable item in 2002. This incremental activity resulted in the development of our new Rig Scheduler product and the development of our .NET toolbench that will simplify future development. Even with

Microsoft recently invited us to be one of two key-note presenters at a Microsoft Executive Circle event for Canadian O&G executives.

these lower revenues, we were able to almost break even for the quarter showing a loss for the quarter of $26,881 compared to net income in Q4, 2002 of $181,065.

SUBSEQUENT ACQUISITION TRANSACTION

On February 14, 2004 the Company announced it had entered into an agreement pursuant to which, subject to the satisfaction of certain conditions, it would proceed with the acquisition of EnCompass Solutions Inc. ("EnCompass"). The Company successfully closed the transaction on March 18, 2004, and has received the requisite regulatory approval.

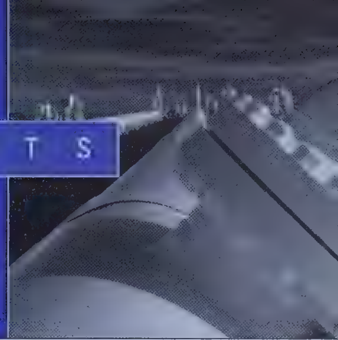
...the Company... will proceed with the acquisition of EnCompass Solutions Inc.

The Company acquired all of the shares of EnCompass for consideration consisting of 4,000,000 of the Company's common shares. In addition the Company also entered into a royalty agreement with the EnCompass shareholders pursuant to which such shareholders will receive a royalty based on certain performance measures being met. Depending on performance in years one and two following the proposed acquisition, the EnCompass shareholders will have the option to purchase additional common shares of the Company from treasury, with any monies received through these royalty payments, at a fixed price of $0.35 per share at the end of year one (maximum $375,000) and $0.45 per share at the end of year two (maximum $500,000). Key shareholders of EnCompass have also entered into employment and non-competition agreements with WellPoint in conjunction with the closing of the transaction.

FORWARD-LOOKING STATEMENTS

All statements in this MD&A that do not directly relate to historical facts constitute 'forward-looking statements'. These statements represent WPS' intentions, plans, expectations and beliefs, and are subject to risks, uncertainties, and other factors that are not in the Company's control. These factors could cause actual results to differ materially from such forward-looking statements.

These factors include and are not restricted to the retention of reference customers, customer adoption of new and somewhat unproven software packages, market competition in the oil and gas information systems industry, the Company's ability to attract and retain qualified employees, potential acquisitions and other corporate developments, foreign exchange and other general economic and business conditions. The words 'believe', 'likely', 'expect', 'intend', 'plan' and similar words, expressions and variations thereof, identify certain of such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of WellPoint Systems Inc. as at December 31, 2003 and 2002 and the statements of operations and retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
February 23, 2004

WELLPOINT SYSTEMS INC.

Balance Sheets

December 31, 2003 and 2002

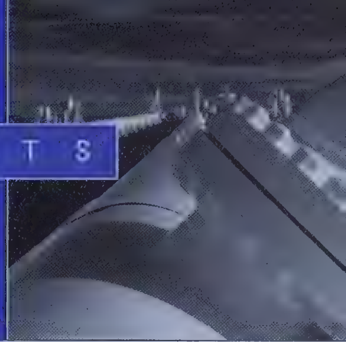
	2003	2002
Assets		
Current assets:		
Cash and cash equivalents	$ 466,178	$ 427,211
Short-term deposits	512,250	500,000
Accounts receivable	563,708	616,778
Prepaid expenses	35,191	20,248
Future income tax asset (note 4)	88,673	–
	1,666,000	1,564,237
Property and equipment (note 2)	220,020	253,902
Deferred development costs (note 3)	379,252	–
Future income tax asset (note 4)	–	99,000
	$ 2,265,272	$ 1,917,139
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 196,979	$ 333,655
Deferred revenue	222,170	175,410
	419,149	509,065
Shareholders' equity:		
Share capital (note 5)	1,760,369	1,550,369
Retained earnings (deficit)	85,754	(142,295)
	1,846,123	1,408,074
Commitment (note 6)		
Subsequent event (note 9)		
	$ 2,265,272	$ 1,917,139

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director



WELLPOINT SYSTEMS INC.

Statements of Operations and Retained Earnings (Deficit)
Years ended December 31, 2003 and 2002

	2003	2002
Revenue	$ 3,623,450	$ 3,953,445
Direct costs	580,211	1,106,138
	3,043,239	2,847,307
Expenses:		
General and administrative	2,658,009	2,673,633
Interest	4,515	6,667
Research and development (recovery)	(88,956)	232,598
Depreciation	116,622	121,280
	2,690,190	3,034,178
Income (loss) before income taxes	353,049	(186,871)
Future income taxes (reduction) (note 4)	125,000	(80,500)
Net income (loss)	228,049	(106,371)
Deficit, beginning of year	(142,295)	(35,924)
Retained earnings (deficit), end of year	$ 85,754	$ (142,295)
Earnings (loss) per share, basic and diluted	$ 0.015	$ (0.008)

See accompanying notes to financial statements.

WELLPOINT SYSTEMS INC.

Statements of Cash Flows
Years ended December 31, 2003 and 2002

	2003	2002
Cash provided from (used in):		
Operations:		
Net income (loss)	$ 228,049	$ (106,371)
Items not involving cash:		
Depreciation	116,622	121,280
Future income taxes (reduction)	125,000	(80,500)
Stock option expense	5,000	–
	474,671	(65,591)
Changes in non-cash working capital items:		
Accounts receivable	53,070	193,545
Prepaid expenses	(14,943)	28,719
Future income tax asset	(114,673)	–
Accounts payable and accrued liabilities	(136,676)	30,085
Deferred revenue	46,760	175,410
	308,209	362,168
Financing:		
Issue of share capital	205,000	515,000
Share issue costs	–	(3,668)
	205,000	511,332
Investing:		
Deferred development costs	(390,832)	–
Purchases of property and equipment	(71,160)	(72,310)
Short-term deposits	(12,250)	(500,000)
	(474,242)	(572,310)
Increase in cash and cash equivalents	38,967	301,190
Cash and cash equivalents, beginning of year	427,211	126,021
Cash and cash equivalents, end of year	$ 466,178	$ 427,211
Supplemental information:		
Interest received	$ 12,500	$ 1,282
Interest paid	$ –	$ 2,274

See accompanying notes to financial statements.

WELLPOINT SYSTEMS INC.

Notes to Financial Statements
Years ended December 31, 2003 and 2002

1. Significant accounting policies:

(a) Revenue recognition:

The Company generates revenue from three sources: software license sales, software maintenance and consulting services.

The Company has developed four software products to assist customers in the oil and gas sector to manage wells and product. The software is licensed to customers in perpetuity. Software license revenue is recognized once the license agreement is signed and the software is installed at the customers' premises.

The Company provides customer support and periodic software upgrades under maintenance agreements. Customers are generally charged annually in advance for these services. Maintenance fees are initially recorded as deferred revenue and subsequently recognized in operations on a monthly basis.

Consulting services are provided by the Company for custom software programming. Revenue is recognized as services are rendered.

(b) Cash equivalents:

Cash equivalents consist of short-term deposits with future maturity dates of less than three months.

(c) Property and equipment:

Property and equipment are recorded at cost. Depreciation is provided for on a basis and at rates calculated to amortize the cost of the assets over their estimated useful lives as follows.

Assets	Method	Rate
Computer hardware	Declining-balance	30%
Computer software	Straight-line	3 years
Furniture and fixtures	Declining-balance	20%
Leasehold improvements	Straight-line	5 years

(d) Deferred development costs:

Deferred development costs relate to the development of new or enhanced software products. Depreciation is provided for, commencing at the time the product is available for sale, on a straight-line basis over three years.

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 2
Years ended December 31, 2003 and 2002

1. Significant accounting policies (continued):

(e) Future income taxes:

The Corporation provides for income taxes using the asset and liability method. Under this method current income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are considered more likely than not to be realized. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. Any change to the net future income tax asset or liability is included in operations in the year it occurs.

(f) Per share amounts:

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the year. Diluted per share amounts are calculated using the treasury stock method, which assumes that the proceeds received on the exercise of options would be used to purchase common shares at the average market price during the year. The weighted average number of common shares outstanding is then adjusted by the net change.

(g) Stock-based compensation:

In 2003 the Corporation adopted the amended accounting standard for stock-based compensation payments which requires the recognition of compensation expense for stock options granted to employees, directors and consultants. Under this method compensation expense attributable to stock options granted is measured at fair value at the grant date and expensed over the vesting period, with a corresponding increase in share capital. The Corporation does not incorporate an estimated forfeiture rate for stock options that will not vest; rather actual forfeitures are accounted for as they occur.

Pursuant to the transition rules, the expense recognized only applies to stock options granted on or after January 1, 2003. The impact of the adoption of this amended standard is disclosed in note 5(c).

In 2002 the Corporation adopted the new accounting standard for stock-based compensation. No compensation expense was recognized in the financial statements for stock options granted to employees and directors. Any consideration received on the exercise of stock options is added to share capital. In addition, the Corporation discloses the pro forma effect of accounting for the fair value of stock options granted in 2002.

(h) Estimates and assumptions:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 3
Years ended December 31, 2003 and 2002

2. Property and equipment:

December 31, 2003	Cost	Accumulated depreciation	Net book value
Computer hardware	$ 201,944	$ 97,201	$ 104,743
Computer software	232,944	167,715	65,229
Furniture and fixtures	75,482	30,637	44,845
Leasehold improvements	18,424	13,221	5,203
	$ 528,794	$ 308,774	$ 220,020
December 31, 2002			
Computer hardware	$ 156,317	$ 68,641	$ 87,676
Computer software	210,145	106,760	103,385
Furniture and fixtures	72,748	19,913	52,835
Leasehold improvements	18,424	8,418	10,006
	$ 457,634	$ 203,732	$ 253,902

3. Deferred development costs:

	Cost	Accumulated depreciation	Net book value
Deferred development costs	$ 390,832	$ 11,580	$ 379,252

4. Future income taxes:

Future income tax expense differs from the result that would be obtained by applying the combined statutory corporate income tax rate to income (loss) before income taxes. The reasons for the difference are as follows:

	2003	2002
Income (loss) before income taxes	$ 358,049	$ (186,871)
Statutory income tax rate	36.75%	39.10%
Computed expense (recovery)	131,583	(73,066)
Adjustments for enacted changes in income tax rates	(9,896)	–
Change in valuation allowance	–	(13,587)
Other	3,313	6,153
	$ 125,000	$ (80,500)

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 4
Years ended December 31, 2003 and 2002

4. Future income taxes (continued):

The components of the net future income tax asset (liability) are as follows:

	2003	2002
Investment tax credits	$ 74,973	$ –
Non-capital losses	18,686	120,511
Other	(4,986)	(21,511)
	$ 88,673	$ 99,000

The Company has non-capital loss carryforwards of $54,000 available to reduce future years taxable income. These losses will expire in 2009.

5. Share capital:

(a) Authorized:

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series

(b) Issued:

	Number of common shares	Amount
Balance, December 31, 2001	12,622,375	$ 1,039,037
Issued on private placement, for cash	2,500,000	500,000
Issued on private placement, for loan receivable from officer and director	200,000	54,000
Issued on exercise of stock options, for cash	100,000	15,000
Less share issue costs	–	(3,668)
	–	1,604,369
Less share purchase loan receivable from officer and director	–	(54,000)
Balance, December 31, 2002	15,422,375	1,550,369
Issued on private placement, for cash	1,000,000	205,000
Stock option expense	–	5,000
Balance, December 31, 2003	16,422,375	$ 1,760,369

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 5
Years ended December 31, 2003 and 2002

5. Share capital (continued):

(b) Issued (continued):

The share-purchase loan receivable bears interest at a variable market rate and is repayable no later than December 1, 2011. The loan is secured by the 200,000 common shares of the Company for which it was used to purchase.

(c) Stock options:

The Company has a stock option plan for employees, directors and consultants. At December 31, 2003 a total of 2,709,475 shares were reserved for issuance under this plan. Options granted vest over three to four years and expire at dates between May 22, 2005 and December 21, 2008. In addition, during 2002 100,000 previously granted agent options were exercised.

The following tables summarize information regarding stock options:

	Number of options outstanding	Weighted average exercise price
Balance, December 31, 2001	895,625	$ 0.30
Granted	914,000	0.30
Exercised	(100,000)	0.15
Cancelled	(75,000)	0.35
Balance, December 31, 2002	1,634,625	0.31
Granted	200,000	0.28
Cancelled	(177,000)	0.32
Balance, December 31, 2003	1,657,625	$ 0.30

Options outstanding			Options exercisable	
Number of options	Weighted average remaining contractual life (years)	Exercise price	Number of options	Exercise price
125,625	1.4	$ 0.15	62,812	$ 0.15
100,000	5.0	0.25	33,333	0.25
922,000	3.6	0.30	785,333	0.30
510,000	2.4	0.35	148,750	0.35
1,657,625	3.9	0.31	1,030,228	0.30

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 6
Years ended December 31, 2003 and 2002

5. Share capital (continued):

(c) Stock options (continued):

In 2003 the Corporation adopted the amended accounting standard for stock-based compensation payments as described in note 1(g). The impact of the adoption of this amended standard was a charge of $5,000 to salaries and benefits expense with a corresponding increase in share capital. This charge was calculated using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 3.75% to 4.17%, expected life of five years and expected volatility of 123% to 147%.

The Corporation continues to disclose the pro forma impact of stock options granted in 2002. The weighted average fair value of stock options granted during the 2002 year was $0.14 at the grant date, using the Black-Scholes option pricing model with the following assumptions: weighted average risk-free interest rate of 5.11%, expected life of five years and expected volatility of 104% to 107%. Had the Company determined compensation expense based on the fair value of the stock options granted, the net income for 2003 would have decreased by $49,000 and the net loss for 2002 would have increased by $25,000. Earnings per share, basic and diluted, would have decreased to $0.012 in 2003 and loss per share, would have increased to $0.010 in 2002.

(d) Per share amounts:

The weighted average number of common shares outstanding for 2003 was 15,425,115 (2002 – 12,910,868). The diluted number of shares was 15,466,053 for 2003 (2002 – 12,910,868) reflecting the potentially dilutive effect of the exercise of options outstanding. Diluted earnings (loss) per share has not been disclosed separately as the exercise of options outstanding would not have had a dilutive effect.

6. Commitment:

The Company has entered into lease agreements for its Calgary head office premises expiring January 31, 2005 and for its Houston, Texas offices expiring July 31, 2004 which when combined, require future annual payments as follows:

2004	$ 98,584
2005	8,067

7. Bank indebtedness:

The Company has a bank operating credit facility of $325,000. At December 31, 2003 the Company had not utilized any of this available credit.

WELLPOINT SYSTEMS INC.

Notes to Financial Statements, page 7
Years ended December 31, 2003 and 2002

8. Financial instruments:

The Company's financial instruments consist of cash, cash equivalents, short-term deposits, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturity.

9. Segmented information:

The Company conducts all of its business in one operating segment, software solutions and services.

Revenue by geographical region:

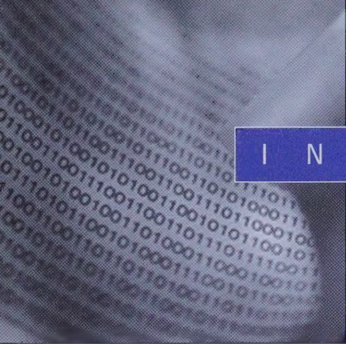
	2003	2002
Canada	$ 3,206,031	$ 3,280,346
United States	417,419	673,099
	$ 3,623,450	$ 3,953,445

Revenues are attributed to countries based on location of customer. All of the Company's identifiable assets as at December 31, 2003 and 2002 are located Canada.

10.Subsequent event:

On February 14, 2004 the Company entered into an agreement pursuant to which, subject to the satisfaction of certain conditions, it will proceed with the acquisition of EnCompass Solutions Inc. ("EnCompass"). The Company expects to close the transaction on March 30, 2004, subject to receipt of requisite regulatory approval. Completion of the transaction is also subject to the parties completing final due diligence and finalizing a definitive agreement respecting the transaction.

The Company is to acquire all of the shares of EnCompass for consideration consisting of 4,000,000 of the Company's common shares. In addition the Company is to enter into a royalty agreement with the EnCompass shareholders pursuant to which such shareholders will receive a royalty based on certain performance measures being met. Depending on performance in years one and two following the proposed acquisition, the EnCompass shareholders will have the option to purchase additional common shares of the Company from treasury, with any monies received through these royalty payments, at a fixed price of $0.35 per share at the end of year one (maximum $375,000) and $0.45 per share at the end of year two (maximum $500,000).



INVESTOR INFORMATION

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TSX Venture Exchange
Symbol: WPS

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